

Insurance Corporation of India has reported that National Insurance Company Limited, Mysore did not issue policy document bearing No. 62319 dated 30th June, 1994 and also did not disown contractual obligation under any of the policies.

**World Bank wants Govt. to lower  
Stake in Rural Banks**

2793. DR. T. SUBBARAMI REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has advised dilution of Government equity in rural banks, particularly those into losses;

(b) If so, whether the World Bank has decided to take a significant exposure in the regional rural banks as suggested that either RRBs should be merged with the sponsor commercial banks or groups of RRBs be amalgamated into more viable entities; and

(c) If so, the other suggestions made by the World Bank in regard to rural banks and to What extent the Government has accepted these recommendations and the steps being taken to implement them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (c) Based on the work conducted by the Identification and Preparation Missions fielded by the World Bank in 1996-97, the World Bank have submitted a report on a possible project for providing assistance for expanding rural credit. Assistance for recapitalisation and strengthening of Regional Rural Banks (RRBs) is likely to be considered as one of the components of this project. Decision regarding ownership and management structure of RRBs will be taken by Government taking into account their role and need of rural credit.

**Vysya Bank Fraud**

2794. SHRI I.D. SWAMI: Will the Minister of FINANCE be pleased to refer to the answer given to unstarred question No. 3139 dated December 13, 1996 regarding irregularities in Vysya Bank Ltd. and state:

(a) the number of officers in the Vysya Bank Ltd. all over the country involved in issuing cheque books on forged documents and forged signatures and for issuing cheque books on forged signatures by contravening the prescribed procedure, branch-wise;

(b) how many of the officers deputy managers and managers were issued show cause notices;

(c) the outcome of the action against the officers and the details of the action taken against the officers finally; and

(d) If the case have not yet been finalised, the reasons for the delay and the steps taken to expedite the finalisation thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) As per the information furnished by Reserve Bank of India (RBI), four officers in Vysya Bank Ltd. were involved in issuing cheque books on forged documents.

(b) According to RBI, nine officers in Vysya Bank Ltd. were issued show-cause notices for issuing cheque books and for passing forged cheques. Besides, one Deputy Manager and one Manager were also issued show-cause notices for supervisory lapses.

(c) and (d) RBI has further reported that the Vysya Bank Ltd. have taken action/is taking action against the erring officials as per the extant disciplinary rules and service conditions of the employees/officers of the bank.

**US and Other Major Trading Partners**

2795. SHRI SANAT KUMAR MANDAL: Will the Minister of COMMERCE be pleased to state:

(a) whether India is willing to revoke the most favoured nation MFN exception taken by it in the financial services sector, provided its major trading partners-including the US reciprocate; and

(b) If so, the reaction of U.S. and other major trading partners to India's offer to revoke MFN exception?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH): (a) The negotiations on Financial Services are still going on, and they are scheduled to conclude only on 12 December, 1997. India is yet to table a revised offer in these negotiations.

(b) Does not arise.

[Translation]

**Loans For Higher Education**

2796. SHRI ASHOK PRADHAN: Will the Minister of FINANCE be pleased to refer to the reply given to Unstarred Question No. 5061 dated May 7, 1997 pertaining to bank loans for higher education and state:

(a) whether information has since been collected in this regard;

(b) If so, the details thereof; and

(c) the reasons for delay in this regard and by when the information is likely to be placed on the Table of the House?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (c) As reported by the State Bank of India, the Convenor Bank for the State Level Bankers' Committee for the State of Uttar Pradesh, the details of loans sanctioned by different banks to students seeking engineering and medical education in Uttar Pradesh especially in rural and backward areas for the past three years such as 1994-95, 1995-96 and 1996-97 are given in the attached Statement.

**Statement**

*The Statement showing Bank Loans to Students of Engineering and Medical Education in Uttar Pradesh in Rural and Backward Areas during 1994-95, 1995-96 and 1996-97*

(Amount : Rs. in lacs)

Name of the Bank	1994-95		1995-96		1996-97	
	No. of	Amount	No. of	Amount	No. of	Amount
	A/cs	Sanctioned	A/cs	Sanctioned	A/cs	Sanctioned
State Bank of India	4	2.87	2	3.5	8	4.08
Bank of India	—	—	—	—	12	3.75
Oriental Bank of Commerce	1	0.40	1	0.3	2	0.62
Bank of Baroda	5	3.25	7	7.5	6	5.50
Canara Bank	1	2.00	6	6.3	7	6.27
Syndicate Bank	15	3.34	1	1.0	11	1.92

[English]

**Small Scale Industries**

2797. SHRI RAM NAIK: Will the Minister of INDUSTRY be pleased to state:

(a) whether the Government has received any requests from the Indian Council of Small Industries for holding discussions with the large number of representatives of small scale sector regarding Central Excise;

(b) if so, the details thereof; and

(c) the action taken by the Government thereon?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) and (b) Yes, Sir. The Government had held a meeting with the representatives of various associations representing the small scale industries on 3.6.97 including the Indian Council of Small Scale Industries. In the said meeting, the Indian Council of Small Scale Industries had, inter-alia, suggested for increasing the duty exemption limit for small scale industries from Rs. 30 lakhs to Rs.100 lakhs in a year, providing higher value slabs for availment of concessional rate of duty both for units availing the MODVAT and units not availing MODVAT, option for availing MODVAT at any point of time during a year and setting up of a Committee to resolve the classification disputes.

(c) The government have carefully examined the various suggestions made by the Small Scale Industries associations. As the existing full duty exemption limit of Rs. 30 lakhs for the purpose of central excise duty is found to be adequate to take care of the genuine needs of the small scale industry as bulk of the small scale units have a turnover of less than Rs. 30 lakhs in a financial year, it was not found feasible to accede to the said suggestion.

Regarding the request for allowing availment of MODVAT credit while paying concessional rate of excise duty, the Government have notified a revised scheme vide Notification No. 38/97-CE dated 27.6.97. In terms of the scheme, small scale units are eligible for a concessional rate of duty of 60% of the normal duty for clearances between Rs. 0-50 lakhs and a concessional rate of duty of 80% of the normal duty for clearances between Rs. 50-100 lakhs in a financial year while availing MODVAT credit of duty paid on their inputs or capital goods. Clearances in excess of Rs.100 lakhs attract normal duty and a small scale unit can avail the aforesaid concession until he crosses a turnover limit of Rs.300 lakhs in a financial year. The scheme also provides for opting for the MODVAT scheme at any point of time during a financial year and once an option is exercised the same cannot be changed during the financial year. However, clearances made prior to the exercise of the option as aforesaid will be taken into account for determining the value limits for the concessional rates of excise duty.

As regards the suggestion for formation of a Committee to decide classification matters, it may be pointed out that classification of commodities under the Excise law is a quasi-judicial function with appellate remedies and therefore it may not be feasible to accept the suggestion made in this regard. In this context, it may also be mentioned that if the SSI unit do not wish to avail of MODVAT, then they have to pay concessional rate of duty upto Rs. 1 crore at same rate, irrespective of the nature of goods produced. To that extent, the classification problem does not arise.

**Vidhi Melas**

2798. SHRI A. SAMPATH: Will the Minister of LAW AND JUSTICE be pleased to state: